



PRESS RELEASE

FONDIARIA-SAI GROUP: BALANCE SHEET SOLIDITY CONFIRMED, Q1 2009 CONSOLIDATED RESULTS APPROVED

- TOTAL PREMIUMS WRITTEN OF EURO 2,560 MILLION (-14.8%: NON-LIFE -2%; LIFE - 35.3%)
- CONSOLIDATED NET PROFIT OF EURO 31.2 MILLION
- COMBINED OPERATING RATIO OF 90.1%

Fondiaria-SAI Group	Q1 2009	Q1 2008	Cge %
Amounts in Euro Millions			
Total Premiums Written	2,560.1	3,004.4	(-14.8)
Consolidated Net Profit	31.2	154.8	(n.s.)
Group net profit	21.0	136.3	(n.s.)
Operating CoR	90.1%	85.1%	
CoR	96.2%	92.0%	

Milan, May 13, 2009 - In a meeting chaired by Jonella Ligresti, the Fondiaria-SAI S.p.A. Board of Directors approved the consolidated results for the first quarter of 2009.

Total **premiums written** amounted to Euro 2,560.1 million, a drop of 14.8% year on year.

In the **Non-Life** Division, direct premiums written amounted to Euro 1,811 million, compared to Euro 1,847 thousand in the same period of the previous year.

In the **Motor Classes** premiums written decreased by 4.1%, amounting to Euro 1,181 million - affected by the continued difficult market conditions and a drop in vehicle registrations.

The growth in premiums in the **Other Non-Life** Classes to Euro 630 million is satisfactory however, with an increase of 2.3% on the first quarter of 2008.

The **claims reported** in the Motor TPL class saw a significant drop of 4.3%. However the claims in both the Land Vehicles class and in the Non-Motor classes increased principally due to the repeated and widespread climatic events at the beginning of the year.

The **Operating Combined Ratio** (Loss+Expense Ratio) was 90.1% from 85.1%, due to the increased **Loss Ratio**, from 64.7% to 69.2%, while the **Expense Ratio** was stable, increasing from 20.4% to 20.9%.

Overall the **Combined Ratio** increased from 92.0% to 96.2%, while the percentage of the **other technical charges** decreased from 6.9% to 6.1%.

The actions undertaken in the fourth quarter of 2008, to improve the profitability in the Motor segment through an increase in the average premium and a better risk selection, showed their first positive effects, with the reaching of a CoR which, although considering the seasonal effect, decreased from 98.6% in 2008 to 96.2%.

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Codice Fiscale, Partita I.V.A. e numero di
iscrizione
al Registro delle Imprese di Firenze: 00818570012
Impresa autorizzata all'esercizio delle
assicurazioni
(art. 65 R.D.L. 29-4-1923 n. 966)

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The Non-Life insurance division reports a profit before taxes of Euro 84.1 million (Euro 183.3 million in the first quarter of 2008); this decrease derives from the lower contribution of premiums in the Motor segment and the impact of amortisation on the long-term commissions arising in the years prior to 2008. In addition, the claims recorded in the Land Vehicles and general classes increased due to the previously mentioned climatic conditions.

Direct **premiums** written in the **Life Division** amounted to Euro 747.1 million (-35.3%); the significant decrease is principally due to the notable drop in premiums written in the bancassurance channel due to seasonal factors set out in the interim commercial plans. The fall in premiums through the agency channel, much more contained, is due to the strategic choice to favour traditional products instead of products with greater financial content; for this reason, while the premiums in the Class I of the agency and broker channel grew by 26.7%, those in Class III recorded a strong contraction (-80.1%) in addition to the drop in premiums in securitisation products of Class V (-13.9%) in line with the strategic choices made in the past to discontinue these products.

New premiums written in terms of **APE** amounted to Euro 65.2 million (Euro 100.4 million in the first quarter of 2008) due to the above-stated seasonality of premiums in the bancassurance channel.

The division reports a pre-tax loss of Euro 18.3 million (profit of Euro 53 million in the first quarter of 2008) and was affected by the continued uncertainty on the financial markets in the first quarter; the income statement effect of the reduction in value of the financial instruments available-for-sale amounted to Euro 39.4 million. It is also recalled that the profit in the first quarter of 2008 benefited from the gain deriving from the sale of the subsidiary Po Vita of Euro 29 million.

The **asset and financial management**, excluding net income recorded at fair value through the profit and loss, contributed gross revenues from financial instruments and investment property of Euro 313.4 million (Euro 316.1 million in the first quarter of 2008), establishing a reassuring level of stability in a very difficult context as a result of continually prudent policies. A positive contribution from investment instruments was recorded for Euro 18.7 million which was recorded at fair value through profit and loss (negative for Euro 313.9 million in the first quarter of 2008), of which Euro 30.3 million relating to contracts whose risk is borne by the policyholders. The total **impairment** on financial instruments available-for-sale was Euro 61.4 million.

The **Group Solvency Margin** was at levels recorded at December 31, 2008 (1.3 times the minimum required).

The **management expenses** decreased from Euro 482 million to Euro 450 million due to the first effects of the previously announced containment policy of general expenses.

The **Real Estate division** recorded a pre-tax loss of Euro 7.9 million (pre-tax loss of Euro 4.1 million in the first quarter of 2008) due to a lack of significant sales in the period. The **Other Activities division** recorded a loss of Euro 3.8 million (profit of Euro 6.8 million in the same period of the previous year) following a decreased contribution of the financial activities.

The **Group net profit** amounted to Euro 21 million, compared to Euro 136 million in the first quarter of the previous year.

We continue to assume a thoroughly prudent outlook for the current year in light of the continued global economic crisis.

The financial markets are currently showing signs of recovery, while the financial authorities forecast a steep contraction in Gross Domestic Product.

In this context, the insurance management of the non-life classes will lean even further toward the safeguarding of the profitability of the portfolio acquired through the application of correct technical parameters and a careful risk selection policy.

In the life sector the objective is to create value over the long-term period, based on underwriting policies which favour products centred on the insurance risk, providing better returns and more appropriate to the needs of the clientele in this period of great economic uncertainty.

The continued strong turbulence on the financial markets does not permit at the current moment a forecast on the contribution to the result from the asset and financial management. In any event, the solidity of the Group, the quality of investments undertaken and the prudent management policy allows the company to look to the future with confidence and to create the foundation to avail of opportunities upon the easing of the crisis.

The Executive Responsible for the preparation of the corporate accounting documents, Pier Giorgio Bedogni, declares in accordance with article 154 bis, paragraph 2, of the Consolidated Finance Act, that the accounting information contained in the present press release corresponds to the underlying accounting documents, records and accounting entries.

Definitions and Glossary

Combined Ratio = the Loss Ratio and total expenses (general and acquisition charges and other net technical charges) on premiums.

Combined Operating Ratio = the Loss Ratio and general and acquisition charges (Expense Ratio) on premiums.

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FONDIARIA - SAI GROUP

Highlights Profit and Loss

(EUR 000)

	31 March 2009	31 March 2008	31 December 2008
Net premium	2.507.216	2.962.082	11.153.553
Commission income	23.843	27.696	89.319
Net income on financial instruments at fair value through profit and loss	18.690	-313.881	-341.548
Income from subsidiaries, associates and joint ventures	0	30.304	38.062
Income from other financial instruments and investment property	313.411	316.061	1.413.772
<i>Interest income</i>	217.071	217.191	924.990
<i>Other income</i>	43.207	44.392	262.623
<i>Realised gains</i>	53.068	54.446	225.710
<i>Unrealised gains</i>	65	32	449
Other revenues	211.604	101.351	460.392
TOTAL REVENUES	3.074.764	3.123.613	12.813.550
Net charges relating to claims	-2.156.568	-2.043.149	-8.965.047
Commission expense	-18.654	-14.813	-32.611
Charges from subsidiaries, associates and joint ventures	-1.311	-1.514	-7.236
Charges from other financial instruments and investment property	-183.602	-87.333	-679.962
<i>Interest expense</i>	-39.050	-28.112	-144.866
<i>Other expense</i>	-29.432	-16.650	-71.354
<i>Realised losses</i>	-41.059	-32.071	-193.203
<i>Unrealised losses</i>	-74.061	-10.500	-270.539
Management expense	-449.710	-481.905	-1.948.428
<i>Commissions and other acquisition expense</i>	-338.713	-372.096	-1.478.826
<i>Investment management expense</i>	-3.297	-2.851	-17.932
<i>Other administrative expense</i>	-107.700	-106.958	-451.670
Other costs	-210.850	-256.073	-1.005.774
TOTAL COSTS AND CHARGES	-3.020.695	-2.884.787	-12.639.058
PROFIT (LOSS) FOR THE PERIOD BEFORE TAX	54.069	238.826	174.492
Tax	-22.870	-83.981	-83.728
NET PROFIT (LOSS) FOR THE PERIOD	31.199	154.845	90.764
PROFIT (LOSS) ON DISCONTINUED OPERATIONS	0	0	0
CONSOLIDATED PROFIT (LOSS)	31.199	154.845	90.764
attributable to the Group	20.964	136.341	87.409
attributable to Minorities	10.235	18.504	3.355

FONDIARIA - SAI GROUP

Highlights Net Financial Position

(EUR 000)

	31March2009	31December2008	Change	31March2008
INVESTMENTS				
Investment properties	2.523.316	2.459.751	2,58%	2.176.279
Investments in subsidiaries, associates and joint ventures	295.876	292.879	1,02%	287.876
Held to maturity assets	890.458	845.789	5,28%	0
Loans and receivables	2.737.664	1.776.024	54,15%	1.808.997
Available-for-sale financial assets	19.201.919	19.982.715	-3,91%	21.705.030
Assets at fair value through profit and loss	8.001.727	8.080.675	-0,98%	10.003.893
Total investments	33.650.960	33.437.833	0,64%	35.982.075
Tangible assets: buildings and other	1.251.921	1.244.217	0,62%	1.260.896
Total no-current assets	34.902.881	34.682.050	0,64%	37.242.971
Cash and cash equivalents	519.789	760.072	-31,61%	689.659
Total no-current assets and cash	35.422.670	35.442.122	-0,05%	37.932.630
NET TECHNICAL RESERVES				
Non Life Technical Reserves				
Provision for unearned premiums	2.546.789	2.564.860	-0,70%	2.513.577
Provision for outstanding claims	7.914.383	8.065.652	-1,88%	8.258.153
Other technical provisions	14.157	14.444	-1,99%	16.326
Total Non Life Technical Reserves	10.475.329	10.644.956	-1,59%	10.788.056
Life Reserves				
Actuarial reserves	13.873.372	13.671.861	1,47%	13.870.151
Provision for amounts payable	181.949	232.107	-21,61%	244.117
Technical provision where the investment risk is borne by the pc	4.255.855	4.245.012	0,26%	4.307.819
Other technical provisions	-247.192	-305.948	-19,20%	-140.005
Total Life Reserves	18.063.984	17.843.032	1,24%	18.282.082
Total Technical Reserves	28.539.313	28.487.988	0,18%	29.070.138
FINANCIAL LIABILITIES				
Hybrid liabilities	1.047.769	1.050.497	-0,26%	815.459
Financial liabilities at fair value through profit and loss	3.352.534	3.454.262	-2,94%	3.956.700
Other financial liabilities	1.833.178	1.758.449	4,25%	1.706.234
Total financial liabilities	6.233.481	6.263.208	-0,47%	6.478.393